

# Memorandum

To: Panel Members Date: May 23, 2002

From: Ron Tagami, Manager  
Peter DeMauro, General Counsel Analyst: J. Johnson

Subject: One-Step Agreement for **Jafra Cosmetics International, Inc.**  
(www.jafra.com)

## **CONTRACTOR:**

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 998
  - In California: 242
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$125,203
- Substantial Contribution: \$0
- Total ETP Funding: \$125,203
- In-Kind Contribution: \$230,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Ventura
- Duration of Agreement: 24 months

**SUBCONTRACTORS:** N/A

**THIRD PARTY SERVICES:**

Deloitte & Touche assisted with the development of the applications for a flat fee of \$25,000.

**NARRATIVE:**

Jafra Cosmetics International, Inc. is eligible for funding under Title 22, California Code of Regulations, Section 4416(d)(1) Out-of-State Competition which states, in part, a company is deemed to be facing out-of-state competition if it is located in California, and is the Corporate Headquarters of a company that does significant business outside of California. In addition to the Corporate Headquarters, a company's facility is eligible if it provides significant support services to the company's offices, operations, divisions, branches, stores, or franchises located outside of California.

Founded in 1956, Jafra is a privately held, worldwide company which manufactures, markets, and distributes cosmetics and fragrances for men and women as well as spa and baby products. Jafra's major competitors are Avon, Mary Kay Cosmetics, and NuSkin. Located in Westlake Village, Jafra's corporate headquarters and only California facility provides internal corporate support services for company sites worldwide. Jafra employs 242 Californians.

From 1973 through 1997, Jafra was owned by Gillette. During this period the company's market share was expanded worldwide and Gillette's corporate personnel provided most support services including human resources, finance, and sales activities. When Jafra was purchased as a separate company in 1998, the corporate level expertise remained with Gillette. To sustain its market share, Jafra's new management team focused on making major changes to the corporate culture. A comprehensive assessment showed that, while Jafra personnel had a significant depth of experience and expertise in its industry, workers lacked the specific skills needed to take the company to a higher level of competitiveness. The decision was made to move the company into the arena of high performance which would allow Jafra to increase productivity, improve efficiency, and reduce costs.

To this end, a core group of current workers comprised of management staff, consultant services staff, information technology staff, finance staff, and program incentives staff will be trained in one or more of the following: Computer Skills, Management Skills, Continuous Improvement Skills, and Business Skills.

**Computer Skills**

A major component of Jafra's training focus is to transition the accounting, finance, information technology, and human resources departments from two outdated software systems, VAX and 4th Shift, to a new JD Edwards enterprise resource system. The old software is over 20 years old and was developed in-house to address the company's needs at that time. The JD Edwards software will integrate all of the functions from these departments into one system. This new technology will provide greater accessibility and visibility of data and allow workers to extract information with more facility. This improved efficiency and functionality will reduce processing time and associated costs.

Further, Jafra's consultant services staff provides support for the nationwide sales force. Currently, sixty percent of customer orders are processed using only the telephone and an obsolete computer system. Customers are demanding better and faster service. To address these demands, the company will

**NARRATIVE:** (Continued)

utilize e-commerce to improve and expand this critical segment of the business. Following training in this customized order entry software, these workers will be able to handle calls faster and process orders for external and internal customers more efficiently.

**Management Skills**

Jafra has a policy of promoting workers from within the ranks. Although management staff has in-depth industry knowledge, these workers do not possess the employee relation skills required to bridge the gap between existing management styles and those of the new corporate culture. Training is needed to effectively manage employees in the new high performance workplace environment, to enhance employee respect and support, and to improve communication skills. Training management staff to become "Jafra leaders" will enable them to demonstrate a consistent model of the new management philosophy which will hold these leaders accountable to recognize and develop the talents of their employees, to build and lead effective teams, and to empower workers to become involved in the decision-making process.

Management staff further needs skills to manage and address a global workforce with worldwide diversity and cultural issues. Workers from locations all over the world come to work at the corporate headquarters. These workers need specialized guidance to transition them into the corporate environment. The labor pool with in-depth knowledge of this unique industry is very limited. Jafra leadership has recognized that, through "succession planning", long-term employment needs and advancement opportunities can be addressed.

**Business Skills**

Providing a full complement of training in customer service skills is an integral part of Jafra's ability to remain viable. Consultant services staff, who were hired with little or no formal training, will learn to support and communicate with both internal and external customers; increase and update their product knowledge; and build positive and loyal relationships with clients.

**Continuous Improvement Skills**

Workers who currently perform their jobs independently have limited viewpoints of Jafra's overall operation and objectives. With ETP-funded training, these workers will become members of cross-functional teams. This collaborative effort in decision-making and problem-solving will expand the corporate picture and ultimately improve entire processes by allowing teams to be involved in projects from beginning to end.

No executives who set company policy will be trained under this Agreement.

All project administrative duties will be provided by the Contractor.

**NARRATIVE:** (Continued)

**Supplemental Training**

Historically, Jafra did not provide an organized approach to training for its staff. The creation of the position of a Manager of Employee Training and Development was a significant investment in developing the training infrastructure needed to move Jafra towards becoming a high performance workplace.

Previously, the company offered limited computer skills training as weaknesses were identified on an individual basis. Formalized management skills training had not previously been available. Customer service skills were provided to consultant service employees on the job on a “need to know” basis or when special circumstances might dictate. The company provided new hire orientation, which it will continue to offer. With the hiring of the Manager of Training and Development, a corporate training program was developed to provide employees with the skills needed to transition to a high performance workplace while implementing a new integrated software system.

Without the ETP financial assistance, the training program would lose some of its focus and would be less likely to address the broad-based needs of the employee population. The training rollout will take place over a shorter period of time and will capture more employees.

In the two years following the completion of the ETP Agreement, Jafra intends to continue to provide a significant amount of training which will build on the foundation of this project to continually sustain and reinforce the skills gained with the ETP support. Budget for this training is estimated at \$220,000.

**Employer Contribution**

The Contractor is contributing \$230,000 in wages paid to workers while in training.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this One-Step Agreement if funding is available and the project meets Panel priorities. This recommendation is based on Jafra’s stated need to provide its workers with skills to remain competitive, to ensure a continuing relationship with its customers, and to remain viable in the California economy.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Retraitees Jobs 1 - 5	Computer Skills Continuous Improvement Management Skills Business Skills	129	40-101	0	0	\$520-\$1313	*\$11.15-\$62.90
					<b><u>Prevalent Hourly Wage</u></b>		
					\$18.54		
					<b><u>Average Cost per Trainee</u></b>		
					\$971		
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>	
*Health benefits in the amount of \$.55 per hour will be added to the trainee's wages to meet the ETP minimum hourly rate of \$11.15 per hour for Ventura County.					13%	N/A	

# **Jafra Cosmetics International, Inc.**

## **Training Menu Curriculum**

### **Hours:**

Class/Lab

40-101

*Trainees will receive one or more of the following:*

### **MANAGEMENT SKILLS**

- Role of a Jafra Leader
- Communication Styles and Impact on Work Groups
- The Leader's Role in Managing Human Resources
- Developing Your Employees
- Coaching and Feedback
- Creating a Motivating Environment for High Performance
- Managing the Budget
- Interviewing Skills: How to Hire the Right Person
- The Leader's Role in Managing a Diverse Workforce
- Managing and Reviewing Employee Job Performance
- New Supervisor Orientation
- Financial Matters for Non-Financial Managers
- Public Speaking
- Presentation Skills
- Project Management
- Improving Business Writing Skills
- Product Knowledge
- Seven Habits of Highly Effective People
- Handling Change: Who Moved My Cheese
- Planning Performance and Development Goals
- Conducting the Performance Review

### **CONTINUOUS IMPROVEMENT**

- The Role of the Leader in Building Teams
- Working Effectively as a Team
- Building Work Teams
- Skills to Resolve Conflict
- Personal Styles that Impact Success

## **COMPUTER SKILLS**

- J. D. Edwards (JDE) Report Writing
- JDE Development Tools – Part 1
- Financial
  - Understanding setup procedures and financial application maintenance
- Consultant Services
  - Creating and Managing Installed Base Records
  - Managing Service Contracts and Work Orders
  - Capturing Routing, Tracking and Escalating Calls
  - Working with Preventative Maintenance
- JDE Advanced Report Writing
- JDE Development Tools – Part 2
- JDE Development Tools – Part 3
- Procurement
- System Administration, Setup, Maintenance & Troubleshooting
- Marketing
- Programs (Jafra's Lineage Programs)
- Department Reporting
- Batch Applications
- Deploying Modifications
  
- Microsoft Programs
  - Introduction to Word 97
  - Intermediate Word 97
  - Advanced Word 97
  - Introduction to Excel 97
  - Intermediate Excel 97
  - Introduction to PowerPoint
  - Intermediate PowerPoint
  - Introduction to Access
  - Intermediate Access
  
- Lotus Notes
- Computer Programs for Jafra Consultant Services
- Customized Order Entry

## **BUSINESS SKILLS**

### **Customer Service**

- Customer Service
- Procedures and Daily Tasks
- Promotional Cycle Training
- Customer Service Training
- Lineage Programs
- Computer Programs – Consultant Services
- Product Knowledge
- Customer Service

### **Time Management**

- Franklin-Covey's What Matters Most
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### **Concept to Consultant**

- Life of an Order
- Product Concept
- Product Development, Packaging & Quality
- Connections to the Field: Training and Communications, Lineage Strategies
- The Consultant: Service is the Heart of Jafra
- Principles of Effective Customer Service:  
The Jafra Way